

ADVISORY ACTIONS

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opsc reminders

State Allocation Board Meetings*

- » April 26, 2006
- » May 24, 2006
- » June 28, 2006

Implementation Committee Meetings*

- » May 5, 2006
- » June 2, 2006
- » July 7, 2006

Interest Earned Report (Form SAB 180)

- » Due quarterly (March 31, June 30, September 30 and December 31) from each county for all districts that earned interest from the Leroy F. Greene Lease-Purchase Program.

School Facility Program (SFP) Joint Use:

- » Application Submittal: June 1, 2005–May 31, 2006
- » Target SAB Date: July 26, 2006

Deferred Maintenance Program (DMP):

- » Application Submittal: June 30, 2006
- » Target SAB Date: December 2006

Annual Unused Sites Reporting

- » Certification of Unused Sites (Form SAB 423) due June 30, 2006
- » Modification of Unused Site Status (Form SAB 424) for each site with a modification due June 30, 2006

Reports Due On September 1, 2006

- » Community School Facilities Report (Form SAB 406C)
- » Expelled Pupils Facilities Report (Form SAB 406E)



from the desk of Luisa Park, Executive Officer

One million and counting!

At the March 22, 2006 State Allocation Board (Board) meeting, the Board provided a new construction apportionment to house the one millionth pupil since 1998, the date the School Facility Program began. It is also amazing to fathom that since 1998, just eight years, over \$28 billion in school construction bond initiatives have passed providing funds to construct and modernize schools in California. The most recent bond, Proposition 55 which voters approved in March 2004, has provided over \$5.2 billion in State funding for school facilities so far with \$3.6 billion remaining for new construction and \$67 million for modernization. Unfortunately, the modernization funds will be exhausted at the April 26, 2006 Board meeting. As in the past, we will continue to process the modernization funding applications for presentation to the Board to be placed on the Unfunded List.

To address the ongoing need for funding for California's public school facilities, a number of school construction bond initiatives were introduced by the Legislature during the current legislative session. There was a lot of intensive effort by all to place a bond before the voters in June 2006, but to no avail. The Legislature is now working to place a bond on the November ballot.

Along the lines of providing facilities, I would like to remind districts about some important requirements for unused sites. Each year, no later than July 1st, districts are required to submit a Certification of Unused Sites report to the Office of Public School Construction. Some districts are under the misconception that an unused, newly acquired site does not have to be included on the report until the five-year period elapses, requiring a fee be applied. Therefore, I wanted to take this time to advise districts of the importance of including on the annual unused site status reports, all of your district's unused sites regardless of when the sites were acquired.

Piggyback Contracts and Modular Construction

by Katrina Valentine,
Policy and Specials Team Supervisor

The Attorney General's office opinion regarding the legality of the use of Public Contract Code Section 20118 to acquire and install factory built modular building components that result in the assembly of permanent schools without further competitive bid was presented at the February 2006 State Allocation Board (SAB) meeting. The opinion concludes that, "A school district may not without advertising for bids, contract with another public agency to acquire factory-built modular building components for installation on a permanent foundation." A copy of the opinion can be viewed on our Web site at www.opsc.dgs.ca.gov.

At the same SAB meeting, the Board concurred with the Attorney General's office opinion and reiterated that construction contracts signed after January 25, 2006 for modular facilities must be competitively bid so that State funding for those projects is not jeopardized. Modular construction will remain a viable option for your district as long as post January 25, 2006 construction contracts are competitively bid.

The opinion does not address portable classrooms as defined in Education Code Section 17070.15 (j). If you have any questions regarding piggyback contracts and modular construction or whether your project meets the definition of a portable classroom, please contact your legal counsel.

ASSEMBLY BILL 491

Alternative Enrollment Projections

By Eric Bakke, OPSC Project Manager

At the January 2006 State Allocation Board (Board) meeting, the Board approved the emergency regulations for Assembly Bill 491, Chapter 710, Statutes of 2005 (Goldberg). This bill provides eligible school districts with an alternative enrollment projection methodology option to generate new construction eligibility for School Facility Program (SFP) new construction projects. The purpose of the bill is to provide school districts with additional eligibility above and beyond the eligibility that is normally generated from the current cohort survival method projections. This additional eligibility shall only be used for new construction projects that will relieve overcrowding, including but not limited to, the elimination of use of Concept 6 calendars, four track year-round calendars or bussing in excess of 40 minutes.

Additionally, the statute requires that the total funding for new construction projects using alternative enrollment eligibility be limited to \$500 million and it is not a set-aside from the current 2004 new construction bond funds. Therefore, projects will be placed on the same workload list as other funding applications, processed in date order received (upon approval of the enrollment projection), and funded from the same funding allocation, up to the limit amount.

Q. How can a school district submit a new construction funding application using alternative enrollment eligibility?

Prior to submitting a new construction funding application, an eligible school district must certify to the California Department of Education (CDE) that it has at least 2 school sites that exceed 115 pupils per acre (grades K–6) or 90 pupils per acre (grades 7–12) based on 2004/2005 enrollment. If CDE has determined that the school district has met this requirement, the CDE will send a letter to the school district confirming eligibility to enable the school district to participate in the program. At which time, the school district can submit an alternative enrollment projection methodology and a new construction funding application requesting the additional eligibility garnered from the alternative enrollment methodology to the Office of Public School Construction (OPSC).

Q. What is an alternative enrollment projection methodology?

The current cohort survival methodology for projecting enrollment is defined in statute and is calculated by using enrollment data for a period of four years and in some instances augmenting that data with proposed dwelling units contained in approved and valid tentative or final subdivision maps within school district boundaries and a student yield factor.

An alternative enrollment projection methodology is intended to provide school districts with an opportunity to use data and resources beyond the cohort survival method that best represents the growth patterns of a particular school district. Therefore, data used in developing an alternative enrollment projection methodology may come from many different sources including, but not limited to, birth rates and census data. Due to the complexity of the data that may be submitted, the law requires the Demographic Review Unit (DRU) of the Department of Finance to jointly review the alternative enrollment projection methodologies with the OPSC.

Since there may be several different methodologies that could be used to determine an alternative enrollment projection, regulations were developed for

the submittal requirements necessary to ensure the timely processing of each request. Those requirements are:

- A written explanation of the methodology for calculating the enrollment projection
- An electronic copy of the calculations used in determining the enrollment projections
- A disclosure of any assumptions that support the calculations of enrollment projections
- A minimum of three years, or more as determined necessary by the DRU, of historical data used in calculating the enrollment projections. The data must be verifiable, annually based, and geographically organized if the school district's boundaries have changed since the date of the last 2000 census by the United States Census Bureau.
- A list of source(s) used to collect all applicable data with contact information for each data source
- A separate enrollment projection for each grade level
- A district-wide enrollment projection for any school district that reports district-wide enrollment on the *Enrollment Certification/Projection* (Form SAB 50-01), or High School Attendance Area (HSAA) enrollment projection(s) for any school district that reports enrollment for one or more HSAA on the Form SAB 50-01, or Super HSAA enrollment projection(s) for any school district that reports enrollment for one or more Super HSAA on the Form SAB 50-01.

Q. Since there is an extra step involved in approving a new construction funding application using an alternative enrollment projection, what is the expected processing time?

It is anticipated that the review process for each methodology should not exceed 30 days. However, depending on the complexity of the methodology or availability of information necessary to verify the data, the review process may take longer. Therefore, if a school district submits a funding application concurrently with their alternative enrollment projection methodology, the school district must recognize that the approval of the new construction funding application will be contingent on the approval of the alternative enrollment projection methodology. Additionally, there are certain periods during the calendar year when the DRU will be unable to process submittals. These periods are due to increased workload related to the budget process (September through November) and verification of enrollment data (mid-March through mid-April). Therefore, it is important for school districts to plan accordingly to avoid delays in processing.

Q. Can I use my regular School Facility Program (SFP) eligibility and the additional eligibility garnered from my alternative enrollment projection on a new construction funding application?

A school district requesting to use both types of eligibility in a new construction funding application may do so, as long as the school district meets all the provisions of AB 491 and all applicable SFP regulations. To accommodate this "hybrid" application, the Application for Funding (Form SAB 50-04) has been modified to allow school districts to utilize both types of eligibility.

Q. When can I submit my alternative enrollment projection methodology and new construction funding application?

At the January 2006 Board meeting, the regulations were approved for submittal to the Office of Administrative Law on an emergency basis. It is anticipated that the regulations could be effective as soon as April 2006. The OPSC and the DRU understand that some projection methods may take longer than others

ASSEMBLY BILL 491

Alternative Enrollment Projections...*Continued from page 2*

to review and process. Therefore, OPSC and the DRU will accept alternative enrollment projection methods prior to the regulations becoming effective, as the methodologies do not require Board approval. However, new construction funding applications can not be received by the OPSC prior to the regulations becoming effective. A written approval by the DRU and the OPSC of the alternative enrollment projection is also necessary prior to receiving funding by the Board.

Please review upcoming additions of the *Advisory Actions* for updates on when the regulations will become effective, or contact your OPSC Project Manager if you have any questions.

Index Adjustment on the School Facility Program Grants and Assessment for Development

By Tiffany Wu, OPSC Accountant

At the January 2006 State Allocation Board (SAB) meeting, the Board approved an adjustment in the SFP grants as provided by law, based on a 4.62 percent change in the Class B Construction Cost Index from January 2005 to January 2006. All applications presented for funding approval at the Board included this adjustment. The base grants were adjusted as follows:

GRANT		PREVIOUS GRANT EFFECTIVE JANUARY 1, 2005	ADJUSTED GRANT EFFECTIVE JANUARY 1, 2006
New Construction	Elementary	\$6,769	\$7,082
	Middle	\$7,159	\$7,490
	High	\$9,372	\$9,805
Modernization	Elementary	\$2,924	\$3,059
	Middle	\$3,093	\$3,236
	High	\$4,049	\$4,236

Additional amounts were also adjusted as specified in law. For a complete listing of the annual adjustments, please refer to the Office of Public School Construction (OPSC) Web site at www.opsc.dgs.ca.gov. Please feel free to give your OPSC Project Manager a call if you have any questions regarding the annual adjustments and your SFP projects.

The Board also accepted a report based on this index adjustment to the statutory (Level One) assessment for development to \$2.63 per square foot for residential construction and \$0.42 per square foot for commercial/industrial construction. School districts wishing to meet the financial hardship criteria of levying the maximum assessment for development allowed by law have six months to implement the new assessment fee.

For further questions regarding the assessment for development, please contact Jason Hernandez, Audit Supervisor, at 916.324.4687.

Good Repair Standards: Report to the Governor and Legislature

by Masha Lutsuk, OPSC Project Manager

As part of the settlement agreement in the case of *Williams v. California*, Senate Bill 550 (Chapter 900, Statutes of 2004, Vasconcellos) directed the Office of Public School Construction (OPSC) to present a report to the Governor and Legislature to assist in the development of a permanent State standard of good repair for school facilities. With the assistance of a special workgroup and input from school facilities constituents, the OPSC prepared the report and presented it to the State Allocation Board at its March 2006 meeting. The report provides options for consideration and recommendations for the development of a permanent standard of good repair with an overall goal of ensuring clean, safe, and functional facilities for all California schoolchildren.

The report is entitled *Good Repair Report: Options for a Permanent State Standard* and can be viewed at <http://www.legi.dgs.ca.gov/Publications/2006LegislativeReports.htm>.

The information in the report includes:

- » Feedback on the Interim Evaluation Instrument (which is the current definition of good repair),
- » A review of existing standards used by school districts or other agencies in California, and
- » Research on what other states and the federal government have developed.

In looking at these other methods of evaluating school facilities, further analysis is conducted on the:

- » School components that should be assessed,
- » Level of detail that should be delineated in statute,
- » Format of the standards,
- » Need for a rating and/or scoring system,
- » Enforcement of the standards, and
- » Integration of the standards with other facility programs and requirements already in place.

California can develop standards that are very broad in nature or very specific and detailed. In the end, the OPSC's findings suggest that the State standard for good repair should be described in statute in narrative form, of moderate detail, and be composed of the assessment of more than a dozen school components. Statute should also require that a model evaluation tool be developed to be used in evaluating the school facility components with sufficient flexibility for adding components and/or rating and scoring system(s) at the discretion of the district. The OPSC believes that there are systems already in place that will ensure adequate enforcement of the standards. Furthermore, the recommendations presented in this report will provide for successful integration with other provisions of the Williams settlement legislation.

The next step is the development of a permanent State standard which, by statute, must be adopted by September 1, 2006. The options and recommendations presented in the *Good Repair Report* will provide the Governor and Legislature a framework for developing a standard that is flexible for long-term, Statewide use and that fulfills the goal of having clean, safe and functional school facilities in California.

AB 1465 Small High School Pilot Program Regulations Approved!

By Brian LaPask, OPSC Project Manager

Assembly Bill 1465, Chapter 894, Statutes of 2004 (Chan), created a pilot program under the School Facility Program (SFP) for the purposes of constructing new small high schools or reconfiguring existing high schools into two or more smaller schools. A “Small High School,” for purposes of this bill, is defined as a high school with an enrollment of 500 pupils or less. The regulations for this program were approved by the Office of Administrative Law on March 14, 2006.

Studies conducted in existing small high schools have shown that there are many proven benefits to smaller school environments such as: decreased truancy and dropout rates; more parental involvement; students experience a greater sense of belonging; fewer discipline problems; decreases in crime and violence; less alcohol and drug related incidences; greater attendance; and, general increased success of the pupils in attendance.

The funding for the Small High School Program consists of a total of \$25 million: twenty million for new construction projects and \$5 million for the costs associated with the reconfiguration of existing high schools.

The OPSC is now accepting applications for new construction projects and will accept them through September 30, 2006. It is anticipated that accepted new construction projects will be apportioned at either the December 2006 or January 2007 State Allocation Board meeting. Applications for the modernization program are also now being accepted and will be apportioned on an ongoing basis until all funds have been exhausted. The final date to submit a funding application for modernization reconfiguration is September 30, 2007.

As an incentive for school districts to participate in this pilot program and build new small high schools, approved projects will be funded at a 60 percent State share and 40 percent district share versus the 50 percent State share and 50 percent local matching share currently used under the regular SFP. The reconfiguration grant for the modernization program will be treated as a separate apportionment and will not require a district matching share.

The following are the requirements for participation in the new construction portion of the program:

- » Applicant districts must have a minimum of 500 high school pupil grants of new construction eligibility under the SFP at the time of application submittal.
- » Proposed project must be part of a district academic reform strategy that has been reviewed and scored by the California Department of Education (CDE).
- » New small high school must be built on a stand alone site with no existing facilities.
- » Districts qualifying for Financial Hardship Status must have current approval at the time of submittal.
- » A new small high school cannot have an enrollment of more than 500 pupils and may not exceed a housing capacity of 500 pupils.

As prescribed in statute, the pilot program participants must broadly represent northern, central and southern regions of the State and encompass urban, suburban and rural school districts. Districts that would have otherwise built a small high school due to sparse population in a geographical area are precluded from participating.

The following are the requirements for participation in the modernization portion of the program:

- » District must have modernization eligibility available at the existing site and the reconfiguration must be part of a modernization project.
- » Existing site must be a high school.
- » Current enrollment of the existing site must be at least 1,000 pupils.
- » The reconfiguration must result in at least two new small schools of 500 pupils or less.
- » The district must obtain a new County District School (CDS) code for any new site(s) created by the reconfiguration.

For new construction and modernization projects, participant districts are required to provide actual construction costs to the Office of Public School Construction no later than two complete school years after the occupancy of the approved project.

For new construction projects, districts will also be required to provide a preliminary and final report to the CDE that focuses on pupil outcomes, including, but not limited to, academic achievement, college attendance rates and any other academic data requested by the CDE. The preliminary report shall be due no later than two complete school years after the occupancy of an approved project, and the final report shall be due no later than two complete school years after the occupancy of the last approved project.

For specific questions regarding the Small High School Program, please contact your OPSC Project Manager.

New School Openings

By Darlene J. Newman, OPSC Project Manager

The Office of Public School Construction (OPSC) would like to congratulate the following districts for their new school dedications and groundbreaking ceremonies:

SCHOOL DISTRICT	COUNTY	PROJECT	DEDICATION
Los Angeles Unified	Los Angeles	Noble New Elementary	January 2006
Chino Valley Unified	San Bernardino	Woodcrest Junior High	January 2006
Los Angeles Unified	Los Angeles	Monroe New Elementary	February 2006

SCHOOL DISTRICT	COUNTY	PROJECT	GROUNDBREAKING
Chowchilla Union High	Madera	Chowchilla High School/ Multi-Purpose Facility	January 2006
Coachella Valley Unified	Riverside	Oasis Elementary	February 2006

Did you know that you can highlight your district’s new school dedications and groundbreaking ceremonies in the *Advisory Actions* newsletter? To have your event highlighted, please notify the OPSC, include all information as referenced in the table above, and please include the related School Facility Program application number. Submit this information to the OPSC, *Attention: New School Dedications and Groundbreakings*.

EMERGENCY REPAIR PROGRAM

Submittal Guidelines and Eligible Projects

By Melissa Ley, OPSC Project Manager

If your school district is considering repairs at a school site eligible for the Emergency Repair Program (ERP) or has already completed the repairs and is considering filing an application for reimbursement to the OPSC, you may have many questions regarding the required supporting documentation and eligible projects. This article will get you started on preparing a successful application submittal and provide ideas on types of eligible projects.

If a district is considering an application for ERP funding, it must complete and pay for the repair costs prior to submitting the Application for Reimbursement and Expenditure Report (Form SAB 61-03). In addition to the application, districts must include sufficient documentation to substantiate the presence of a health and safety threat, such as the following:

- » Photos showing the condition of the project prior to the repair work being performed
- » Signed copy of an Interim Evaluation Instrument identifying the health and safety threat
- » Copy of complaint(s) made by parents, students, or staff referencing the problem
- » Copy of inspection report by qualified individual(s) or firm(s)

Besides the health and safety documentation, each ERP application must contain the following:

- » Cost comparison: a cost estimate to repair the system and a cost estimate to replace the system (for replacement projects only)
- » Division of the State Architect approved specifications and plans (if applicable)
- » Copy of all construction contracts and schedule of values
- » Copy of all change orders (if applicable)
- » Copy of all purchase orders or purchase agreements (if applicable)
- » Copy of architect agreement and schedule of fees

Applications submitted without the required supporting documentation will be accepted, however they will not be placed in line for funding until the required documents have been accepted. The OPSC project managers will notify and assist the district as necessary. Please refer to the General Information section of the instructions on the Form SAB 61-03 for additional information regarding the documentation necessary to submit a complete application.

Eligible projects are repairs or replacements of building systems or structural components that pose a health and safety threat to students and staff. Examples of ERP projects that have been submitted to the OPSC and received a State Allocation Board approval are described below:

- » Repaired and rerouted the water main connecting to the school kitchen
- » Replaced raised and cracked concrete at the school entrance
- » HVAC repair and air duct cleaning
- » Sewer line cleaning
- » Resurfaced raised and cracked tennis courts
- » Repaired bleachers due to dry rot and broken boards

A list of these approved applications and applications received but not yet funded is available on the OPSC Web site.

Following are frequently asked questions regarding the program. In addition, the OPSC project managers are available to answer questions and guide school districts through the application process.

Q. How can I be certain that my repair project will qualify for reimbursement? Is there a conceptual review system? If not, who can tell me if a particular repair will qualify?

The ERP Regulations do not provide for a pre-approval process by the OPSC, however, the OPSC project managers are available to conceptually review your project prior to the work being done. A district with a potential project can contact their OPSC Project Manager to receive input on whether or not the project may be eligible for funding; however, the OPSC cannot provide a guarantee of funding prior to the review of a complete funding application.

Q. Do I have to wait until the end of the fiscal year to submit my applications because of the “supplement, not supplant” regulations? What is meant by “dedicating” the funds and what paperwork does the district need to have for dedicated funds?

A school district may submit an application for reimbursement at any time of the year and does not need to wait until the end of its fiscal year in order to ensure compliance with the “supplement, not supplant” requirement of the ERP. Furthermore, the district does not need to have all the funds expended from the Deferred Maintenance and Routine Restricted Maintenance accounts in order to submit an ERP application.

Legislation that established the ERP (Senate Bill 6, Chapter 899, Statutes of 2004) specified that the funds available for the program shall be used to supplement, not supplant, existing funds available for maintenance of school facilities. In order to comply with this provision, a district must ensure that it meets the deposit requirements specified in Regulation Section 1859.328 and expends, encumbers or dedicates all funds available from the deposits made. The requirement to dedicate the funds implies that the district has a plan for use of the funds, in other words, the funds are set aside for a legitimate purpose.

Once the project is audited, the OPSC will be verifying that the district made the required deposits into the Deferred Maintenance and Routine Restricted Maintenance accounts. In addition, the district may be asked to provide its plan for the maintenance budgets. The OPSC does not define the format for these plans. Districts can provide the plan in a format that is already in place at the district level.

Q. May we use district employees to perform the repairs/replacements?
Yes, to the extent that it is permitted by Public Contract Code Section 20114. When reporting force account labor expenditures, the school district must identify the hourly salary of the employee along with the number of hours spent on the repair and may also include the cost of materials used in completing the project.

Q. Is there a minimum dollar amount for a reimbursement request?
No, there is no minimum dollar amount for an ERP project. The reimbursement request should include only the costs directly related to and necessary for the eligible project thus, it is possible for the district to have to delineate between necessary costs and actual expenditures.

Q. Do I have to (or may I) bundle my reimbursement requests by repair type, project, etc.?

When applying for ERP funding, the district must identify the type of project by using one of the categories specified (sewer, water, gas, electrical, HVAC, fire/life safety) or use the type “other” for a project that does not fall into a specified category. The district may combine projects on one school site that are of the same type, for example, replacing broken windows in various locations on the site should be presented as one ERP project.

Article continues on page 6

EMERGENCY REPAIR PROGRAM

Submittal Guidelines and Eligible Projects...*Continued from page 5*

Q. Does the formula for determining whether replacement is “cost-effective” take into account repair costs over time? Does the formula account for the fact that it may be cost-effective to replace an old system that is breaking down rather than pay for a repair now, even if that repair is not particularly costly, because the system is going to require repeated repairs that are going to add up quickly?

The provisions of ERP do not allow for considering maintenance costs in determining whether a particular item is eligible for replacement. The district may consider replacement even if it is not deemed cost effective under the ERP, and apply for ERP funding for the estimated cost of repair and supplement the project with district funds to be able to replace rather than repair.

Q. Are there any penalties that might be imposed for having a project that qualifies for ERP funds?

No, all districts have critical repair and replacement projects from time to time. The ERP funding is made available to assist districts in funding these projects.

If you have any questions regarding a potential ERP project(s), contact your OPSC Project Manager for assistance. For additional resources, please refer to the Williams Workshop Presentation on the OPSC website located at http://www.documents.dgs.ca.gov/opsc/workshops/Williams_Wrkshp_Presentation.pdf and the ERP Regulation Sections 1859.320 through 1859.329.

Annual Reporting of Unused Sites

By Jim Casebolt, OPSC Project Manager

In May 2006, the Office of Public School Construction (OPSC) plans to mail to school districts the annual Certification of Unused Sites (Form SAB 423). All districts are required to report, using the Form SAB 423, to the State Allocation Board any site that is owned by a district that is not being used for school construction or for school purposes (see Education Code Sections 17219 through 17224). The unused sites are subject to a fee on properties that are not used within five years from the date of acquisition for elementary school districts (grades K–8) and seven years for high school districts (grades 7–12). It is very important that districts verify the information on the Form SAB 423, sign, date, and return it to the OPSC, even if the school district has no unused sites.

If a district has changes to the data provided on the Form SAB 423, such as a new unused site (new unused sites should be reported as soon as they are acquired), sale of a district-owned site or a request to have the fees waived or reduced, the district must complete a Modification of Unused Sites Status (Form SAB 424) for each unused site where a modification has taken place. The Form SAB 424 can be found on the OPSC Web site at www.opsc.dgs.ca.gov.

Both the Form SAB 423 and, in the cases of modification, the Form SAB 424 must be returned to the OPSC no later than June 30, 2006.

Should you have any questions, please contact Jim Casebolt, Unused Site Program Project Manager, at jim.casebolt@dgs.ca.gov or 916.322.0999.

Alternative Education Grant Report

By Eric Bakke, OPSC Project Manager

At the March 2004 State Allocation Board (SAB) meeting, regulations were approved that provided an Excessive Cost Hardship Grant for Alternative Education schools. Since this was a new grant at that time, the Board requested that the Office of Public School Construction (OPSC) review the grant amount after one year, once the regulations were in effect, to determine the adequacy of this funding method.

The OPSC presented the requested report at the February 2006 Board meeting. However, Staff concluded that there was insufficient data to make a determination of the funding adequacy due to the fact that these projects were still very early in the application/funding process. The Board requested Staff to bring back a report when the close-out audits have been completed for the projects that were apportioned.

The Board also requested Staff to provide information at a future meeting regarding the adequacy of the loading standards of Alternative Education classrooms. If school districts would like to submit data to be considered for a future Board report, please submit that information to the attention of the Policy and Specials Team.

Needs Assessment Reports Are Here

By Melissa Ley, OPSC Project Manager

The deadline has passed to submit the Needs Assessment Reports. For school districts with school sites eligible for the School Facilities Needs Assessment Grant Program, a Needs Assessment Report was due to the Office of Public School Construction (OPSC) on January 1, 2006 for each eligible school site.

On February 22, 2006 a report was presented to the State Allocation Board regarding the progress made by districts in completing and submitting the Needs Assessment Reports. If your district has not yet submitted its assessment(s), the OPSC encourages you to submit it as soon as possible. The online submittal program, located on the OPSC Web site at <http://www.applications.opsc.dgs.ca.gov/fna/login.asp>, is still accessible for districts to submit the remaining required assessments. If your district needs assistance in completing and submitting its Needs Assessment Report(s), contact your OPSC Project Manager.

Districts with funds remaining after the completion of the assessments, may use those funds for any repairs identified in the assessments at any of the district's eligible sites. These expenditures may be made throughout the year until the district submits the Expenditure Report (Form SAB 61-02) which is due on January 1, 2007. Any remaining funds at that time must be returned to the OPSC.

The Needs Assessment Reports can be viewed on the OPSC Web site at <http://www.applications.opsc.dgs.ca.gov/fnaReporting/fnaReporting.asp>.

Labor Compliance Program Grant Appropriateness

By Noé Valadez, OPSC Audit Supervisor

The Office of Public School Construction staff presented a report at the March 2006 State Allocation Board (SAB) meeting regarding the appropriateness of the Labor Compliance Program (LCP) apportionments. As you may be aware, in accordance with Labor Code Section 1771.7, an increase in the per-pupil grant amount was provided to accommodate the State's share of the costs of initiating and enforcing a LCP if both of the following conditions were met:

- » The project was or will be funded from the proceeds of Propositions 47 or 55.
- » The Notice to Proceed for the initial contract for construction of the project was issued on or after April 1, 2003.

The report compares actual reported LCP expenditures to the State grant, financial hardship assistance, and district matching share. The report was in response to the Board's September 2004 request to present an item at a future SAB meeting one year from when the regulations providing the grant became effective.

The report to the SAB stated that due to the small sample size of closed projects with an LCP apportionment, the results were inconclusive regarding the appropriateness of the LCP apportionment at this time.

Please remember to report all LCP expenditures on the Detailed Listing of Project Expenditures worksheets. The expenditure worksheets have been modified to specifically capture the LCP amount spent on the project. The worksheets are located at <http://www.documents.dgs.ca.gov/opsc/Forms/Worksheets/ExpenditureWrksht.xls>.

Should you have any questions regarding LCP reporting requirements, please contact the OPSC Audit Team at 916.322.0196.

State Allocation Board Vice-Chair Selected

By Lisa Jones, Administrative Services Supervisor

At the January 2006 State Allocation Board (SAB) meeting, the Board directed the Office of Public School Construction (OPSC) staff to develop a process by which a Vice-Chair would be established in order to assist and support the Chair of the Board. At the March 2006 SAB meeting, the OPSC staff presented an item that established and defined the responsibilities for a Vice-Chair for the SAB. The item outlined options on the selection, the duration and the responsibilities of the Vice-Chair. The Board's actions concluded that the Vice-Chair:

- » will be a legislative member of the Board;
- » will be nominated and elected with approval by the majority of the quorum of the Board;
- » the term will be at the will of the Board; and
- » the responsibilities will be to assume all responsibilities of the Chair during his/her absence and participate with the Chair in reviewing the proposed SAB agenda.

Senator Jack Scott was nominated and elected with approval by the majority of the quorum of the Board, and was also quoted as saying, "... I've got friends against it and friends that are for it and I'm sticking with my friends so in that spirit, I'm quite willing to accept this responsibility." The OPSC looks forward to working closely with you, Senator!

More New Construction Funds Have Been Made Available

By Don Littlefield, OPSC Project Manager

At the January 2006 State Allocation Board (SAB) meeting, the Board approved the transfer of \$269 million in remaining Critically Overcrowded Schools (COS) Program funds from Proposition 55 to the New Construction Fund. While this may appear to reduce the bond dollars available to districts that may continue to have a need to relieve overcrowded schools, this action was preceded by the passage of Assembly Bill (AB) 491 in October of 2005, which also provides for the relief of overcrowded schools by allowing up to \$500 million of the New Construction Fund to be used for this purpose. For more detailed information on AB 491, please see the article on page 2 within this publication.

If you have any questions regarding New Construction funding, please contact your OPSC Project Manager.

AS OF MARCH 22, 2006

Proposition Funds Put to Work

PROGRAM	BOND ALLOCATION	APPORTIONED	RELEASED/CONTRACTED
PROPOSITION 55			
New Construction	\$ 4,960,000,000	\$ 1,126,241,956	\$ 812,004,324
Modernization	2,250,000,000	1,960,454,937	1,301,900,757
Charter School	300,000,000	272,134,102	15,463,854
Critically Overcrowded Schools	2,440,000,000	1,887,970,777	0
Joint Use	50,000,000	17,849,502	4,490,677
Total Proposition 55	\$ 10,000,000,000	\$ 5,264,651,274	\$ 2,133,859,612
PROPOSITION 47			
New Construction	\$ 6,250,000,000	\$ 6,130,157,595	\$ 6,061,244,310
Modernization	3,300,000,000	3,287,790,151	3,266,193,939
Charter School	100,000,000	97,034,156	0
Critically Overcrowded Schools	1,700,000,000	1,641,507,667	16,372,310
Joint Use	50,000,000	49,917,000	35,912,629
Total Proposition 47	\$ 11,400,000,000	\$ 11,206,406,569	\$ 9,379,723,188
Grand Total	\$ 21,400,000,000	\$ 16,471,057,843	\$ 11,513,582,800

AS OF MARCH 22, 2006

Status of Funds

PROGRAM	BALANCE AVAILABLE
PROPOSITION 55	
New Construction	\$ 3,622.5
Energy	2.9
Small High School	20.0
Modernization	67.8
Energy	5.8
Small High School	5.0
Critically Overcrowded Schools	
15% COS Unrestricted Fund	283.0
Charter School	4.7
DTSC/Relocation	13.1
Hazardous Material	2.6
Joint Use	32.1
Total Proposition 55	\$ 4,059.5
PROPOSITION 47	
New Construction	\$ 5.8
Charter School	0.5
Energy	0.0
Modernization	9.0
Energy	0.3
Critically Overcrowded Schools	
Reserved	58.5
Joint Use	0.0
Total Proposition 47	\$ 74.1
Grand Total	\$ 4,133.6

The SAB approved \$3,064,691.71 for the Deferred Maintenance Program.

Note: Amount shown above are in millions of dollars.

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Regulations Update

Typically, emergency regulatory tracts take approximately 30–45 days to become an effective emergency regulation after they are approved by the State Allocation Board (SAB) and prior to filing with the Office of Administrative Law. Non-emergency regulatory tracts take 120–180 days from the date the SAB approves the agenda item until the regulation(s) become effective.

What a Difference a Year Makes!

by Katrina Valentine, Policy and Specials Team Supervisor

There was a lot of activity with our Regulations in 2005, with several Regulation changes becoming effective. The following table is provided to recap and highlight those changes. If you have any questions regarding the new or amended regulations, please contact your OPSC Project Manager.

REGULATION CHANGE	REGULATION AFFECTED	EFFECTIVE DATE	SUMMARY OF CHANGE
Alternative Education School Funding	1859.2, 1859.33, 1859.35, 1859.77.3, 1859.82, 1859.83	01/31/05	Modified the funding of facilities for community day, county community, county community day, and continuation high school pupils, commonly referred to as “alternative education” schools.
SFP Modernization Apportionments	1859.2, 1859.32, 1859.51, 1859.60, 1859.61, 1859.78.6, 1859.78.8, 1859.79.2	02/03/05	Allows districts to receive an additional apportionment for the modernization of buildings 20 (portable)/25 (permanent) years after the initial apportionment. Also enables districts to report the appropriate data to determine the eligible site-based ratio for permanent buildings at least 50 years old.
New Construction Grant for Hazardous Waste Costs	1859.106	02/03/05	Modified to allow adjustments during the Program Accountability Expenditure Audit to the SFP new construction grant to recover specified costs of hazardous waste clean up.
Financial Hardship Bonded Indebtedness	1859.81	02/15/05	Modified so that only debt that has been issued “for the purpose of constructing school facilities” may be included in the current outstanding bonded indebtedness to reach the 60 percent threshold of total bonding capacity.
Bond Accountability	1859.90.1	02/23/05	Clarifies the appropriate uses of State bond funds used to reimburse local funding.
Additional Grant for Energy Efficiency	1859.71.3, 1859.78.5	02/28/05	Allows eligible districts to qualify for increased supplemental grants for energy efficiency in new construction and modernization projects.
Amended Class B Construction Cost Index	1859.2	02/28/05	Deletes reference to a specific company’s cost index as the basis for the annual adjustment.
Clean School Restrooms and Facilities	DM Regulations 1866 through 1866.14	02/28/05	Ensures that school restrooms and other school facilities are kept clean, functional, and in compliance with local hygiene standards.
Multistory Replacement Facilities	1859.73.2, 1859.145.1	03/02/05	Removes the requirement that applicant school districts operate on a multi-track year round schedule. Also modified the cost benefit analysis to take into account the value of the replacement building based upon its square footage, and the method utilized to determine the price of land per acre.

REGULATION CHANGE	REGULATION AFFECTED	EFFECTIVE DATE	SUMMARY OF CHANGE
Dwelling Unit Reporting Amendments	1859.2, 1859.42	04/26/05	Clarifies the stopping point for reporting dwelling units and clarifies that the augmentation to a district’s five-year projection must be based upon approved and valid tentative or final subdivision maps.
SFP Joint-Use Program Amendments	1859.2, 1859.23, 1859.122, 1859.123, 1859.123.1	05/24/05	Defines “existing school site” and eliminates the necessity for the Joint-Use agreement to be signed prior to the SAB approval of the pertinent SFP new construction or modernization application. Also specifies that the district must hold title to property before applying for SFP funds.
Williams Settlement (SB 6 and SB 550)	1859.81	05/26/05	Excludes the receipt of School Facilities Needs Assessment Grant Program (SFNAGP) and the Emergency Repair Program (ERP) funds by a school district from the determination of financial hardship status under SFP Regulation Section 1859.81.
Williams Settlement (SB 6)	1859.300 through 1859.329	05/31/05	Created two new programs, the SFNAGP and ERP. The SFNAGP provides funds for local educational agencies (LEAs) to perform one-time needs assessments on eligible school sites to identify conditions posing a threat to health and safety, while the ERP provides funds for emergency repairs to mitigate such health and safety threats.
Critically Overcrowded School (COS) Facilities Program Amendments (AB 491)	1859.51, 1859.147	10/27/05	These amendments authorize alternative methods to calculate pupil enrollment for COS Program participants, including high school attendance areas, to convert to a final apportionment.
Small High School Program (AB 1465)	1859.2, 1859.61, 1859.70.3, 1859.71.5, 1895.74, 1859.77.1, 1859.78.9, 1859.79, 1859.79.2, 1859.83, 1859.93.2, 1859.93.3, 1859.104	03/14/06	Creates a pilot program within the SFP that provides for the construction of small high schools and the reconfiguration of existing high schools into two or more small high schools and that will seat less than 500 pupils.



STATE ALLOCATION BOARD

Implementation Committee

MAVONNE GARRITY, ASSISTANT EXECUTIVE OFFICER, STATE ALLOCATION BOARD

At the previous meeting...

The following topics were discussed at the State Allocation Board (SAB) Implementation Committee meetings on January 5 and February 3, 2006. The March 3, 2006 meeting was cancelled.

January 5, 2006 Meeting

IMPLEMENTATION OF ASSEMBLY BILL 491

The Office of Public School Construction (OPSC) discussed the item introduced at the December 2005 meeting and presented draft School Facility Program (SFP) Regulations for the implementation of Assembly Bill (AB) 491, Chapter 710, Statutes of 2005 (Goldberg).

AB 491 provides up to \$500 million for new construction projects that relieve overcrowding for eligible school districts based on additional eligibility garnered by the Alternative Enrollment Projection methods. The Committee discussed the following items related to the implementation of AB 491:

- » The need to expedite the regulation approval process to accommodate districts with urgent housing needs.
- » The revised application submittal requirements for review of the Alternative Enrollment Projection methods by the OPSC and the Demographic Research Unit (DRU) of the Department of Finance.
- » The timelines and the process for review of the Alternative Enrollment Projections by the OPSC and the DRU.
- » The need to consider all available existing eligibility mechanisms prior to submitting a request for review of an alternative enrollment projection method.
- » Form changes necessary for the implementation of AB 491.

The OPSC confirmed the final changes to be made prior to presenting the regulation package to the SAB for approval at the January 25, 2006 meeting. Please refer to the article titled "Alternative Enrollment Projections" on page two for additional information.

February 3, 2006 Meeting

SCHOOL FACILITY PROGRAM PORTABLE CHARGEABILITY

At the October 19, 2005 meeting of the SAB, members requested that the SFP Regulations relating to adjustments to new construction baseline inventory be discussed at a future meeting of the Implementation Committee. This Board's request was made in response to school districts' concerns, and corresponds with recent queries to the Legislative Counsel on the same subject.

At the February Committee meeting, the OPSC provided a brief overview of the determination of new construction eligibility under the provisions of the SFP, with a detailed description of the calculation of existing classroom capacity. Staff also discussed adjustments to the new construction baseline eligibility. OPSC addressed some of the concerns previously raised by school districts regarding chargeability of portable classrooms and asked the audience for additional feedback.

The Committee and audience members addressed the issues that districts face with large portable inventories, the impact of these classrooms on the new construction

baseline eligibility, as well as the impact of locally funded portable classroom replacement projects on the baseline eligibility. The OPSC agreed to investigate the additional concerns and prepare an item for further discussion at a future Implementation Committee meeting.

The Committee members also raised concerns about the SAB discussion at the January 25 meeting. At that meeting, the SAB was presented with the Attorney General's opinion that stated that piggyback contracting is not a permitted procurement method for modular construction projects on permanent foundations without competitive bidding. The OPSC informed the Committee that a letter will be mailed to all districts and an item will be presented at the next SAB meeting on this issue for further consideration. Please refer to the article titled "Piggyback Contracts and Modular Construction" on page one for more information.

For further details on these two meetings, you may refer to the Implementation Committee section of the OPSC Web site where the Committee discussion items and meeting minutes are posted under Agenda History.

Watch for...

The next items scheduled for discussion at the Implementation Committee are:

- » Continued discussion regarding adjustments to the existing building capacity for portable classrooms provided after the new construction baseline eligibility is established.
- » Discussion on suggestions and alternatives to increase participation in the utilization of the grants to replace single-story facilities with multi-story facilities.

The next meeting...

The next Implementation Committee meeting is scheduled for:

- » Friday, May 5, 2006 from 9:30 a.m. to 3:30 p.m. at the Legislative Office Building, 1020 N Street, Room 100, in Sacramento.